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Town of Gramercy

2007 Financial Statements

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Release Date 3/5/08

TOWN OF GRAMERCY, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2007

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Gramercy, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gramercy (the Town), as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 9 through 15 and 41 through 44 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2008, on our consideration of the Town of Gramercy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying other supplementary information on pages 45 through 48 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the performance and statistical data on pages 49 through 52 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

For the Town of Donaldsonville

Donaldsonville, Louisiana
February 5, 2008



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Gramercy, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Gramercy, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town of Gramercy, Louisiana's basic financial statements and have issued our report thereon dated February 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Gramercy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gramercy, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Gramercy, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Gramercy, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Gramercy, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Town of Gramercy, Louisiana's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. [07-01, 07-02]

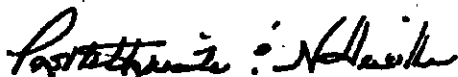
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Gramercy, Louisiana's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We considered the significant deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. [07-03]

Compliance and other matters

As part of obtaining reasonable assurance about whether the Town of Gramercy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have had a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 07-04 and 07-05.

This report is intended for the information of the Board of Aldermen, management of the Town of Gramercy, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Donaldsonville, Louisiana
February 5, 2008

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

A. SUMMARY OF AUDITORS' RESULTS

- (1) The auditors' report expressed an unqualified opinion on the financial statements of the Town of Gramercy, Louisiana as of and for the year ended June 30, 2007.
- (2) There were three reportable condition relating to the audit of the financial statements is reported at section B in this schedule. One condition [07-03] is considered a material weakness.
- (3) Two instances of noncompliance relating to the financial statements of the Town of Gramercy, Louisiana were disclosed during the audit.

B. FINDINGS- FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

07-01 Documentation and Design of Internal Control

Condition - Management should improve its documentation of the components of internal control (including control environment, entity's risk, information and communication systems, control activities, and monitoring). In addition, there is inadequate design of internal control over the preparation of the financial statements being audited.

Criteria - Internal control procedures should be adequately designed and documented.

Effect - Significant journal entries were proposed to allow the financial statements to accurately reflect the Town's operations.

Recommendation - Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, cost effectiveness certainly needs to be considered. We suggest that management identify and document its financial statement risk and set up controls to mitigate this risk.

Management's response - We concur with the finding. We will document the required components of internal control and establish procedures for the preparation of audited financial statements.

07-02 Physical Inventory

Condition: A physical inventory of assets was not taken in the current year.

Criteria: The Louisiana Legislative Auditor suggests physical inventories be taken once every 3 years.

Effect: The Town is not in compliance with the suggested inventory procedures.

Recommendation: A physical inventory should be taken at least once every 3 years.

Management's response: We concur with the finding and will perform physical inventories in future years.

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

MATERIAL WEAKNESS

07-03 Segregation of Duties

Condition: There is inadequate segregation of duties within the Town's accounting department. As a result of this weakness, the following has occurred:

- ◆ Personnel authorized to sign checks also reconciles the bank statement on a monthly basis.
- ◆ Three of the sampled invoices were not properly accrued as liabilities at year end.
- ◆ The property tax clearing bank account is not being reconciled on a monthly basis.
- ◆ The financial statement records from the prior year did not include revenue and expenditure transactions related to a grant to be spent for road improvements. The Balance Sheet included the asset related to the balance of the bank account, but since the transactions included equal amounts of revenues and expenditures the gross amounts were omitted on the Statement of Activities. Those statements have been restated and reissued to reflect this correction.

In addition, certain procedures that could help to mitigate this weakness are currently not being performed. Those procedures could include but are not limited to the following:

- ◆ A review of non-routine transactions over the period-end financial reporting process.

Criteria: Segregation of duties should be adequate within the Town's accounting department to provide effective internal control.

Effect: The segregation of duties is inadequate to provide effective internal control.

Recommendation: Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend that management consider the following:

- ◆ During preparation of monthly financial statements, management should review all journal entries necessary for the complete and accurate presentation of these statements.

Management's Response: We concur with the finding and will review period end journal entries.

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

COMPLIANCE WITH STATE LAWS AND REGULATIONS

07-04 Bid Law

Condition: Quotes were not obtained in the procurement of materials for roof repairs made to Town Hall and Gramercy Fire Station.

Criteria: LSA: RS38:2212.1(b) states that purchases of ten thousand dollars or more, but less than twenty thousand, shall be made by obtaining not less than three telephone or facsimile quotes.

Effect: The absence of obtaining quotes for the purchase of materials and supplies for amounts greater than ten thousands dollars, but less than twenty thousand, is a violation of LRS: 38:2212(b).

Recommendation: The Town should ensure that quotes are obtained and maintained in the purchasing file.

Management's Response: We concur with the recommendation.

07-05 Financial Statements not timely filed

Condition: The financial statements for the year ended June 30, 2007 were not completed and submitted to the Legislative Auditors Office within six (6) months of the end of the entity's fiscal year. This was due to the re-issuance of the financial statements for the prior year.

Criteria: LSA: RS24:513A(5)(a)(I) states that audits shall be completed within six months of the close of the entity's fiscal year.

Effect: This is a violation of the Louisiana Revised Statutes.

Recommendation: Management should ensure timely completion of the audited financial statements.

Management's Response: We concur with the recommendation.

TOWN OF GRAMERCY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
YEAR ENDED JUNE 30, 2007

A. FINDINGS – FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITION

(1) Lack of Segregation of Duties

Effect: The segregation of duties is inadequate to provide effective internal control because of the limited size of the staff.

Recommendation: No action is recommended. It would not be cost effective to hire additional people to obtain a segregation of duties.

A similar finding was noted in the current year audit.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2007

This section of Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2007.

FINANCIAL HIGHLIGHTS

- The Town's combined total net assets increased by \$583,765 over the course of this year's operations. Net assets of our governmental activities increased approximately \$659,865 (or 28.6%) and decreased \$76,100 in the net assets of our business-type activities.
- During the year, the Town's expenses were \$591,688 less than the \$1.7 million generated in charges for services, taxes, and other revenue. In the Town's business-type activities expenses were \$7,923 more than the \$901,311 generated in revenues.
- The general fund reported a \$1,550,421 fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2007

Figure A-1 Major Features of Town's Government and Fund Financial Statements					
	Fund Statements				
	Government-wide Statements	Governmental Funds	Proprietary Funds		
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and streets	Activities the Town operates similar to private businesses: the water and sewer system		
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expense, and changes in net assets • Statement of cash flows 		
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus		
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term		
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid		

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2007

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—most of the Town's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2007

The Town has two kinds of funds:

- **Governmental funds**—Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary funds**—Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.
 - In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net assets. The Town's combined net assets increased between fiscal years 2006 and 2007 to approximately \$5.8 million. (See Table A-1.)

	Table A-1					
	Town's Net Assets					
	Governmental Activities			Business-Type Activities		
	2007		2006	2007		2006
Current and other assets	\$ 1,838,105		\$ 1,258,734	\$ 819,793		\$ 835,398
Capital assets	1,461,374		1,288,820	3,462,128		3,661,250
Total assets	3,299,479		2,547,554	4,281,921		4,496,648
Current liabilities	201,566		106,094	254,125		239,750
Long term Liabilities	128,145		131,557	1,190,000		1,343,000
Total liabilities	329,711		237,651	1,444,125		1,582,750
Net assets						
Invested in capital assets, net of related debt	1,346,374		1,148,820	2,225,128		2,272,250
Reserved for debt service	-		-	272,261		258,205
Unrestricted (deficit)	1,623,394		1,161,083	340,407		383,443
Total net assets	\$ 2,969,768		\$ 2,309,903	\$2,837,796		\$2,913,898

Net assets of the Town's governmental activities increased 28.6 percent to approximately \$2.9 million. Net assets of the Town's business-type activities decreased approximately 2.6% to \$2.8 million.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2007

Changes in net assets. The Town's total revenues decreased by approximately \$278,770 to \$2.65 million (See Table A-2.) Approximately 53 percent of the Town's revenue comes from charges for services, and 29 percent comes from tax collections.

The total cost of all programs and services increased approximately \$17,820 or 0.9 percent. The Town's expenses cover all services performed by its office.

Governmental Activities

Revenues for the Town's governmental activities decreased 14.1 percent, while total expenses increased approximately \$3,500 or 0.3%.

	Table A-2					
	Changes in Town's Net Assets					
	Governmental Activities			Business-Type Activities		
	2007		2006	2007		2006
Revenues						
Program revenues						
Charges for services	\$638,380		\$654,463	\$ 773,484		\$ 762,164
Operating grants	58,340		487,581	-		12,176
General revenues						
Taxes	669,883		609,236	97,903		94,544
Licenses and permits	153,869		144,754	-		-
Miscellaneous	232,767		144,355	29,924		24,050
Total revenues	1,753,239		2,040,389	901,311		892,934
Expenses						
General government	316,234		321,057	909,234		894,907
Public safety	364,976		381,689	-		-
Streets	334,680		309,428	-		-
Fire	3,064		2,236	-		-
Sanitation	135,667		135,480	-		-
Debt service expenditures:						
Principal retirement	-		-	-		-
Interest	6,930		8,168	-		-
Total expenses	1,161,551		1,158,058	909,234		894,907
Excess (deficiency) before transfers	591,688		882,331	(7,923)		(1,973)
Transfers	68,177		16,029	(68,177)		(16,029)
Increase (decrease) in net assets	\$ 659,865		\$ 898,360	\$ (76,100)		\$ (18,002)

Business-type Activities

Revenues increased slightly by nearly 1 percent to \$901,311 before transfers and expenses of the Town's business-type activities increased by 1.6 percent to \$909,234.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2007

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of approximately \$1.8 million, increase of 11.8 percent from last year.

General Fund Budgetary Highlights

Over the course of the year, the Town Council revised the Town budget. These budget amendments were resulted from:

- Sales tax and video poker revenues were increased by \$65,000 and \$45,000; respectively.
- Garbage and license fees were both slightly increased from budgeted amounts.
- Increases in appropriations to prevent budget overruns, such as general government for salaries. Public safety and sanitation departments were adjusted to reflect decreases in salary expense.

CAPITAL ASSETS

At the end of 2007, the Town had invested approximately \$4.9 million in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3)

This amount represents a net decrease (including additions and deductions) of approximately \$26,568, or 0.5 percent, over last year.

	Table A-3 Town's Capital Assets (net of depreciation)			
	Governmental Activities		Business Activities	
	2007	2006	2007	2006
Land	\$ 87,520	\$ 87,520	\$ 76,825	\$ 76,825
Plant & Equipment	-	-	3,385,303	3,584,425
Buildings	76,170	86,347	-	-
Other Improvements	1,134,274	1,011,645	-	-
Equipment	163,410	103,308	-	-
Total	\$ 1,461,374	\$ 1,288,820	\$ 3,462,128	\$ 3,661,250

This year's major capital asset addition included:

- Radio communication equipment costing approximately \$50,000.
- Street improvements totaling approximately \$91,600
- Purchase of Kubota excavator and trailer costing \$29,581.

Major disposals included:

- Various police department equipment totaling approximately \$86,000.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2007

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund are comprised from sales tax, occupational licenses, garbage fees, and video poker by 33%, 9%, 11% and 23% respectively. The economy is not expected to generate any significant growth. Revenue increases are expected in the public utility revenue fund as a result of the effects of the increase in the rate schedule. All expenditures are expected to be consistent with the current years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Lydia Louque, Town Clerk, PO Drawer 340, Gramercy, LA 70052.

TOWN OF GRAMERCY
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 996,745	\$ 92,309	\$ 1,089,054
Certificates of deposit	555,000	236,822	791,822
Other accounts receivable (net)	161,773	95,012	256,785
Due from other governmental agencies	108,609	-	108,609
Prepaid insurance	15,978	-	15,978
Other assets	-	13,412	13,412
Restricted assets	-	382,238	382,238
Capital assets:			
Land	-	76,825	76,825
Other capital assets, net of depreciation	1,461,374	3,385,303	4,846,677
Total capital assets	1,461,374	3,462,128	4,923,502
TOTAL ASSETS	3,299,479	4,281,921	7,581,400
<u>LIABILITIES</u>			
Accounts payable	\$ 141,963	\$ 14,420	\$ 156,383
Capital lease payable	8,572	-	8,572
Other current liabilities	7,985	68,940	76,925
Payroll taxes payable	2,872	-	2,872
Due to employees' retirement systems	15,174	-	15,174
General obligation bonds due within one year	25,000	56,000	81,000
Accrued interest payable	-	7,300	7,300
Payable from restricted assets:			
Revenue bonds payable due within one year	-	97,000	97,000
Accrued interest payable	-	10,465	10,465
Long-term liabilities:			
Compensated absences	21,275	-	21,275
Capital lease	16,870	-	16,870
General obligation bonds	90,000	255,000	345,000
Revenue bonds payable	-	935,000	935,000
TOTAL LIABILITIES	329,711	1,444,125	1,773,836
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,346,374	2,225,128	3,571,502
Reserved for revenue bond debt service	-	272,261	272,261
Unreserved fund balance	1,623,394	340,407	1,963,801
TOTAL NET ASSETS	\$ 2,969,768	\$ 2,837,796	\$ 5,807,564

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues Fees, Fines, and Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets		Total
				Governmental Activities	Business-Type Activities	
ACTIVITIES						
Governmental:						
General government	\$ 316,234	\$ -	\$ 35,000	\$ (281,234)		\$ (281,234)
Streets	334,680	-	23,340	(311,340)		(311,340)
Public safety	364,976	52,488	-	(312,488)		(312,488)
Sanitation	135,667	184,868	-	49,201		49,201
Fire	3,064	-	-	(3,064)		(3,064)
Debt service expenditures:						
Interest	6,930	-	-	(6,930)		(6,930)
Total governmental activities	<u>1,161,551</u>	<u>237,356</u>	<u>58,340</u>	<u>(865,855)</u>		<u>(865,855)</u>
Business-type:						
Enterprise	909,234	773,484	-		(135,750)	(135,750)
Total business-type activities	<u>909,234</u>	<u>773,484</u>	<u>-</u>	<u></u>	<u>(135,750)</u>	<u>(135,750)</u>
Total Town of Gramercy	<u>\$ 2,070,785</u>	<u>\$ 1,010,840</u>	<u>\$ 58,340</u>	<u>\$ (865,855)</u>	<u>(135,750)</u>	<u>(1,001,605)</u>
General Revenues:						
Taxes				669,883	97,903	767,786
Licenses and permits				153,869	-	153,869
Intergovernmental				401,024		401,024
Miscellaneous				232,767	16,297	249,064
Interest				-	13,627	13,627
Transfers				68,177	(68,177)	-
Total general revenues and transfers				<u>1,525,720</u>	<u>59,650</u>	<u>1,585,370</u>
Change in net assets				659,865	(76,100)	583,765
Net assets - July 1, 2006				<u>2,309,903</u>	<u>2,913,896</u>	<u>5,223,799</u>
Net assets - June 30, 2007				<u>\$ 2,969,768</u>	<u>\$ 2,837,796</u>	<u>\$ 5,807,564</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 902,497	\$ 94,248	\$ 996,745
Certificates of deposit	555,000	-	555,000
Other accounts receivable (net)	161,773	-	161,773
Due from other governmental agencies	108,609	-	108,609
Prepaid insurance	15,978	-	15,978
TOTAL ASSETS	\$ 1,743,857	\$ 94,248	\$ 1,838,105
CURRENT LIABILITIES			
Accounts payable	\$ 141,963	\$ -	\$ 141,963
Capital lease payable	8,572	-	8,572
Other current liabilities	7,985	-	7,985
Payroll taxes payable	2,872	-	2,872
Due to employees' retirement systems	15,174	-	15,174
TOTAL CURRENT LIABILITIES	176,566	-	176,566
LONG TERM LIABILITIES			
Capital lease, less current portion	16,870	-	16,870
FUND BALANCES			
Reserved for debt service	-	48,070	48,070
Unreserved	1,550,421	46,178	1,596,599
TOTAL FUND BALANCES	1,550,421	94,248	1,644,669
Total liabilities and fund balances	\$ 1,743,857	\$ 94,248	\$ 1,838,105

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total fund balances - Governmental Funds		\$ 1,644,669
Cost of capital assets at June 30, 2007	2,224,067	
Less: accumulated depreciation as of June 30, 2007	<u>(762,693)</u>	1,461,374
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Compensated Absences		(21,275)
Bonds payable		<u>(115,000)</u>
Total net assets at June 30, 2007 - Governmental Activities		<u>\$ 2,969,768</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 72,879	\$ 33,940	\$ 106,819
Sales taxes	563,064	-	563,064
Garbage fees	184,868	-	184,868
Licenses and permits	153,869	-	153,869
Intergovernmental revenue:			
Beer	6,695	-	6,695
Video poker	394,329	-	394,329
State grants- LGAP	35,000	-	35,000
LCDBG	23,340	-	23,340
Fines and forfeitures	52,488	-	52,488
Other revenue	232,312	455	232,767
Total revenues	<u>1,718,844</u>	<u>34,395</u>	<u>1,753,239</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	354,529	-	354,529
Streets	438,935	-	438,935
Public safety	366,922	-	366,922
Sanitation	135,667	-	135,667
Fire department	3,064	-	3,064
Capital expenditures- LCDBG	23,340	-	23,340
Debt service expenditures:			
Principal retirement	-	25,000	25,000
Interest	-	6,930	6,930
Total expenditures	<u>1,322,457</u>	<u>31,930</u>	<u>1,354,387</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>396,387</u>	<u>2,465</u>	<u>398,852</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers In	68,177	-	68,177
	<u>68,177</u>	<u>-</u>	<u>68,177</u>
Net change in fund balance	464,564	2,465	467,029
<u>FUND BALANCE</u>			
Beginning of year	1,085,857	91,783	1,177,640
End of year	<u>\$ 1,550,421</u>	<u>\$ 94,248</u>	<u>\$ 1,644,669</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2007

Net change in fund balances - Governmental funds	\$ 467,029
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The change in net assets reported for governmental activities in the statement of activities is different because:

Add: Capital outlay which is considered expenditures	304,761
Less: Depreciation expense for year ended June 30, 2007	(124,372)
Less: Difference on loss of equipment	(7,835)
Add: Principal payment on bonds payable	25,000
Less: Excess of compensated absences earned over compensated absences used	<u>(4,718)</u>
Change in net assets of governmental activities	<u>\$ 659,865</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
<u>ASSETS</u>			
Cash	\$ 66,971	\$ 25,338	\$ 92,309
Certificates of deposit	160,813	76,009	236,822
Accounts receivable (net)	60,140	34,872	95,012
Other assets	-	13,412	13,412
Restricted assets - Cash	-	382,238	382,238
Capital assets:			
Land	76,825	-	76,825
Other capital assets, net of depreciation	1,823,454	1,561,849	3,385,303
Total capital assets	1,900,279	1,561,849	3,462,128
TOTAL ASSETS	2,188,203	2,093,718	4,281,921
<u>LIABILITIES</u>			
Accounts payable	\$ 4,017	\$ 10,403	\$ 14,420
Customer service meter deposits	68,940	-	68,940
Payable from restricted assets:			
Revenue bonds payable due within one year	47,000	50,000	97,000
Accrued interest payable	-	10,465	10,465
General obligation bonds due within one year	-	56,000	56,000
Accrued interest payable	4,759	2,541	7,300
Long-term Liabilities:			
General obligation bonds	-	255,000	255,000
Revenue bonds payable	318,000	617,000	935,000
TOTAL LIABILITIES	442,716	1,001,409	1,444,125
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,535,279	689,849	2,225,128
Reserved for revenue bond debt service	-	272,261	272,261
Unreserved equity	210,208	130,199	340,407
TOTAL NET ASSETS	\$ 1,745,487	\$ 1,092,309	\$ 2,837,796

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
OPERATING REVENUES			
Sales	\$ 446,510	\$ 309,524	\$ 756,034
Tap fees	8,000	9,450	17,450
Ad valorem taxes	43,343	54,560	97,903
Rural development grant	-	-	-
Miscellaneous revenues	3,111	13,186	16,297
Total operating revenues	<u>500,964</u>	<u>386,720</u>	<u>887,684</u>
OPERATING EXPENSES			
Salaries	253,569	69,368	322,937
Office expenses	4,571	2,521	7,092
Miscellaneous expenses	614	3,999	4,613
Insurance	33,362	7,803	41,165
Supplies and maintenance	24,003	16,464	40,467
Vehicle expenses	2,341	2,278	4,619
Uniforms	2,422	-	2,422
Professional fees	5,125	5,125	10,250
Retirement	30,077	10,886	40,963
Electricity	29,781	67,619	97,400
Payroll taxes	507	139	646
Laboratory expenses	6,590	7,425	14,015
Chemicals	35,066	5,040	40,106
Depreciation	91,689	124,062	215,751
Total operating expenses	<u>519,717</u>	<u>322,729</u>	<u>842,446</u>
OPERATING INCOME (LOSS)	<u>(18,753)</u>	<u>63,991</u>	<u>45,238</u>
NONOPERATING INCOME (EXPENSES)			
Interest revenues	5,814	7,813	13,627
Interest expense	<u>(13,559)</u>	<u>(53,229)</u>	<u>(66,788)</u>
Total nonoperating expenses	<u>(7,745)</u>	<u>(45,416)</u>	<u>(53,161)</u>
Change in net assets before transfers	<u>(26,498)</u>	<u>18,575</u>	<u>(7,923)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>(63,179)</u>	<u>(4,998)</u>	<u>(68,177)</u>
	<u>(63,179)</u>	<u>(4,998)</u>	<u>(68,177)</u>
Net change in net assets	<u>(89,677)</u>	<u>13,577</u>	<u>(76,100)</u>
Total net assets- beginning	<u>1,835,164</u>	<u>1,078,732</u>	<u>2,913,896</u>
Total net assets- ending	<u>\$ 1,745,487</u>	<u>\$ 1,092,309</u>	<u>\$ 2,837,796</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total Enterprise</u>
<u>CASH FLOWS FROM</u>			
<u>OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 504,473	\$ 381,177	\$ 885,650
Cash payments to suppliers for goods and services	(170,384)	(120,999)	(291,383)
Cash payments to employees for services	(253,569)	(69,368)	(322,937)
Net cash provided by operating activities	<u>80,520</u>	<u>190,810</u>	<u>271,330</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>			
Transfers from other funds	(63,179)	(4,998)	(68,177)
Net cash used by noncapital financing	<u>(63,179)</u>	<u>(4,998)</u>	<u>(68,177)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(5,656)	(10,973)	(16,629)
Principal paid on long term debt	(46,000)	(105,000)	(151,000)
Payment of bond issuance costs	-	1,225	1,225
Interest paid on indebtedness	(13,559)	(53,229)	(66,788)
Net cash used by capital and related financing activities	<u>(65,215)</u>	<u>(167,977)</u>	<u>(233,192)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest earned on investments	5,814	7,813	13,627
Net cash provided by investing activities	<u>5,814</u>	<u>7,813</u>	<u>13,627</u>
Net increase (decrease) in cash and cash equivalents	(42,060)	25,648	(16,412)
Cash and cash equivalents - beginning of year	269,844	457,937	727,781
Cash and cash equivalents - end of year	<u>\$ 227,784</u>	<u>\$ 483,585</u>	<u>\$ 711,369</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total Enterprise</u>
<u>RECONCILIATION OF INCOME</u>			
<u>(LOSS) FROM OPERATIONS</u>			
<u>TO NET CASH PROVIDED BY</u>			
<u>OPERATING ACTIVITIES</u>			
Income (loss) from operations	\$ (18,753)	\$ 63,991	45,238
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:			
Depreciation	91,689	124,062	215,751
Bad debt provision	-	-	-
Net change in assets and liabilities:			
Accounts receivable	3,509	(5,543)	(2,034)
Accounts payable	805	9,402	10,207
Other liabilities	(385)	(1,102)	(1,487)
Customer service meter deposits	3,655	-	3,655
Total adjustments	<u>99,273</u>	<u>126,819</u>	<u>226,092</u>
Net cash provided by operating activities	<u>\$ 80,520</u>	<u>\$ 190,810</u>	<u>\$ 271,330</u>
Cash Consists of:			
Cash	\$ 66,971	\$ 25,338	\$ 92,309
Certificates of Deposit	160,813	76,009	236,822
Restricted assets - Cash	-	382,238	382,238
	<u>\$ 227,784</u>	<u>\$ 483,585</u>	<u>\$ 711,369</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The Town of Gramercy, Louisiana was incorporated on November 27, 1947, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, public improvements, and general administrative services.

The accounting and reporting practices of the Town of Gramercy conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Town's reporting entity applies all relevant Government Accounting Standards (GASB) pronouncements. The Town's proprietary funds apply all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

Financial Reporting Entity

Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 14 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

The following is a summary of certain significant accounting policies and practices:

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the Town of Gramercy. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following nonmajor governmental funds:

- a. Debt Service Funds - These funds accounts for the resources accumulated and payments made for principal, interest and related costs on general long-term debt.

The Town reports the following two major enterprise funds:

Public Utility Fund and Sewer Fund- These fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, debt service, and proprietary funds are adopted on bases consistent with accounting principles generally accepted in the United States of America (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the Board. Originally adopted revenues increased and expenditures decreased for the general fund for the year ended June 30, 2007, by approximately \$156,400 and \$35,690, respectively.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Cash and Investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building Improvements	15
Other Improvements	20-40
Vehicles	5-15
Equipment	3-15

The proprietary fund type operations are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against their operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	40	years
Waterworks system	40	years
Office equipment	5-10	years
Automotive equipment	3-5	years

All fixed assets are stated at historical cost.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for uncollectible accounts account at the time information becomes available which indicates the uncollectibility of the particular receivable.

Accumulated Unpaid Vacation

Employees earn vacation leave on January 1st of each year at various rates depending upon the length of their employment. Employees must use their vacation leave in the year earned. The liability for compensated absences reported in the governmental-wide statements consists of unpaid, accumulated annual leave balances at June 30, 2007.

Operating Transfers In and Out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Statements of Cash Flows

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrances accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Reclassifications

Certain 2006 balances have been reclassified to conform with the 2007 financial statement presentation.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2007, are as follows:

Governmental activities:

	<u>Land</u>	<u>Buildings</u>	<u>Other Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets June 30, 2006	\$ 87,520	\$ 285,736	\$ 1,200,808	\$ 431,393	\$ 2,005,457
Additions	-	-	212,418	92,343	304,761
Deletions	-	-	-	(86,151)	(86,151)
Cost of Capital Assets June 30, 2007	<u>87,520</u>	<u>285,736</u>	<u>1,413,226</u>	<u>437,585</u>	<u>2,224,067</u>
Accumulated depreciation June 30, 2006	-	199,389	189,163	328,085	716,637
Additions	-	10,177	89,789	24,406	124,372
Deletions	-	-	-	(78,316)	(78,316)
Accumulated depreciation June 30, 2007	-	<u>209,566</u>	<u>278,952</u>	<u>274,175</u>	<u>762,693</u>
Capital assets, net of accumulated depreciation at June 30, 2007	<u>\$ 87,520</u>	<u>\$ 76,170</u>	<u>\$ 1,134,274</u>	<u>\$ 163,410</u>	<u>\$ 1,461,374</u>

For the year ended June 30, 2007, depreciation expense was \$ 124,372.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Capital Assets (continued)

Business-Type activities:

	<u>Land</u>	<u>Plant & Equipment</u>	<u>Total</u>
Cost of Capital Assets			
June 30, 2006	\$ 76,825	\$ 7,103,580	\$ 7,180,405
Additions	-	16,629	16,629
Deletions	-	-	-
Cost of Capital Assets			
June 30, 2007	<u>76,825</u>	<u>7,120,209</u>	<u>7,197,034</u>
Accumulated Depreciation			
June 30, 2006	-	3,519,155	3,519,155
Additions	-	215,751	215,751
Deletions	-	-	-
Accumulated Depreciation			
June 30, 2007	<u>-</u>	<u>3,734,906</u>	<u>3,734,906</u>
Capital assets, net of accumulated depreciation at			
June 30, 2007	<u>\$ 76,825</u>	<u>\$ 3,385,303</u>	<u>\$ 3,462,128</u>

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt

The following is a summary of long-term debt transactions which occurred during the year ended June 30, 2007:

Governmental Activities:

Compensated Absences

Balance at July 1, 2006	\$ 16,557
Increases	7,779
Decreases	<u>(3,061)</u>
Balance at June 30, 2007	<u>\$ 21,275</u>

Bonds Payable

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>06/30/07</u>
Governmental activities:				
1991 Sewer Improvement bonds - general obligation portion	\$ 140,000	\$ -	\$ 25,000	\$ 115,000
	<u>140,000</u>	<u>-</u>	<u>25,000</u>	<u>115,000</u>
Business-type activities:				
1991 Sewer Improvement bonds	355,000	-	50,000	305,000
2000 Certificate of Indebtedness	168,000	-	30,000	138,000
2000 Certificate of Indebtedness - LPFA	-	-	-	-
2001 Sewer Improvement bonds - general obligation bonds	560,000	-	25,000	535,000
2003 Certificate of Indebtedness -- Capital One	366,000	-	31,000	335,000
2003 Certificate of Indebtedness -- LPFA	45,000	-	15,000	30,000
	<u>\$ 1,494,000</u>	<u>\$ -</u>	<u>\$ 151,000</u>	<u>\$ 1,343,000</u>

Bonds payable at June 30, 2007, were comprised of the following individual issues:

Governmental activities

\$400,000 of Sewer Improvements Bonds; due in various semi-annual installments, including interest at 4.95%, through April 1, 2011.

Total long-term debt	115,000
Less portion due within one year	<u>(25,000)</u>
Non-current long-term debt	<u>\$ 90,000</u>

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt (continued)

Business-type activities

\$850,000 of Sewer Improvement bonds; due in various semi-annual installments, including interest at 4.95%, through April 2, 2012; secured by the sewer operating revenues in excess of those necessary to operate and maintain the system.

\$ 305,000

\$270,000 Certificate of Indebtedness; due in various semi-annual installments, including interest at 5.25%, through September 1, 2010; secured by the annual revenues of the Town of Gramercy in excess of statutory, necessary, and usual charges.

138,000

\$650,000 General Obligation Bonds; due in various semi-annual installments, including interest at rates ranging from 0.10% to 5.20%, through March 1, 2021; payable from ad valorem taxes

535,000

\$425,000 Certificate of Indebtedness; due in various annual installments, including interest at 2.35%, through September 1, 2013; payable from ad valorem taxes

335,000

\$75,000 Certificate of Indebtedness; due in annual installments of \$15,000 through September 1, 2008; non-interest bearing; payable from ad valorem taxes

30,000

Total long-term debt

1,343,000

Less portion due within one year

(153,000)

Non-current long-term debt

\$ 1,190,000

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt (continued)

The annual requirements to amortize all outstanding revenue bonds as of June 30, 2007, including interest payments of \$357,158, are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2008	\$ 244,876
2009	256,378
2010	255,481
2011	250,607
2012	199,854
Thereafter	<u>607,962</u>
	<u>\$ 1,815,158</u>

As part of the various Bond agreements the Town has agreed to comply with certain covenants. The covenants consist, primarily, of reporting and audit requirements, insurance coverage, restrictions on additional debt, maintenance of various deposit accounts, and other administrative requirements. The Town has not complied with some of these covenants; however, the applicable lending institutions have issued verbal waivers regarding these covenants.

4. Ad Valorem Taxes

Ad valorem taxes attach as enforceable liens on all applicable property on February 28th of each year. Taxes are levied and are billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 1st of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended June 30, 2007, taxes of 5.99 mills were levied on property with assessed valuations totaling \$12,411,017 for general purposes. Additional taxes of 10.89 mills were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due.

Ad valorem taxes levied during the year ended June 30, 2007, totaled approximately \$204,722.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

5. Transfers to/from Other Funds

Interfund transfers at June 30, 2007, were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 68,177	\$ -
Enterprise Funds:		
Public Utility Revenue Fund	-	63,179
Sewer Operating Fund	-	4,998
	<u>\$ 68,177</u>	<u>\$ 68,177</u>

Transfers from General Fund and Debt Services Funds to the Enterprise Funds were funded to supplement other fund sources.

6. Excess of Expenses over Appropriations in Individual Funds

Expenses exceeded revenues by \$26,498 during the fiscal year ended June 30, 2007, for the public utility revenue fund.

7. Defined Benefit Pension Plan

Substantially all employees of the Town of Gramercy are members of either the Municipal Employees' Retirement System of Louisiana or the Municipal Police Employees' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

a. Municipal Employees' Retirement System of Louisiana

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, which has separate assets and benefit provisions. All employees of the Town of Gramercy are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with a least 25 years of creditable service or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average monthly salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Defined Benefit Pension Plan (continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary to the system, and the Town of Gramercy is required to make contributions at an actuarially determined rate. The rate currently being paid by the Town is 16.25 percent of annual covered payroll. Contributions to the System also include 0.25 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Gramercy are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy's contributions to the System under Plan A during the years ending June 30, 2007, 2006, and 2005 were \$65,225, \$65,198, and \$62,481, respectively, equal to the required contributions for these years.

b. Municipal Police Employees' Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after the age of 50 with at least 20 years of creditable service or at or after the age of 55 with a least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.50 percent of their annual covered salary to the System, and the Town of Gramercy is required to make contributions at an actuarially determined rate. The rate currently being paid by the Town is 15.50 percent of annual covered payroll. The contribution requirements of plan members and the Town of Gramercy are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy contributions to the System during the years ending June 30, 2007, 2006, and 2005 were \$21,970, \$26,778, and \$40,296, respectively, equal to the required contributions for these years.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Segments of Enterprise Activities

Water and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended June 30, 2007, for these services are as follows:

	<u>Water</u>	<u>Sewerage</u>	<u>Total</u>
Operating revenues	\$ 500,964	\$ 386,720	\$ 887,684
Operating expenses	519,717	322,729	842,446
Depreciation	91,689	124,062	215,751
Income from operations	(18,753)	63,991	45,238
Net income (loss)	(89,677)	13,577	(76,100)
Acquisition of capital assets	5,656	10,973	16,629
Outstanding revenue bonds and certificates of indebtedness	365,000	978,000	1,343,000

9. Restricted Assets

Under the terms of the bond indentures for the water revenue refunding bonds and the sewer improvement bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems.

The Town has been reclassifying a portion of its cash and investments as "restricted" on a monthly basis; however, the Town has not established all of the "restricted" accounts delineated in the bond indentures. All of the applicable lending institutions waived the violations of these covenants for the year ended June 30, 2007.

10. Due from Other Governmental Agencies

Amounts due from other governmental agencies at June 30, 2007, consisted of the following:

St. James Parish - sales taxes	\$ 95,767
St. James Parish - P&M sales taxes	<u>12,842</u>
	<u>\$ 108,609</u>

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

11. Cash and Investments

At June 30, 2007, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$ 225
Demand deposit accounts / savings accounts	1,376,819
Certificates of deposit	<u>886,070</u>
	<u>\$ 2,263,114</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

12. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk as of June 30, 2007, \$2,309,075 of the government's bank balance was not exposed to custodial credit risk.

13. Capital Lease

The Town acquired equipment under a long-term capital lease. For financial reporting purposes, the present value of the minimum lease payments has been capitalized. The lease expires May 15, 2010. As of June 30, 2007, the property under this capital lease had a total cost of \$26,141. The future minimum lease payments under this capital lease for the remaining term are as follows:

June 30,	
2008	\$ 8,572
2009	8,974
2010	<u>7,896</u>
Total minimum lease payments	<u>\$25,442</u>

REQUIRED SUPPLEMENTARY

INFORMATION

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual
<u>REVENUES</u>			
Ad valorem taxes	\$ 66,000	\$ 66,000	\$ 72,879
Sales taxes	455,000	520,000	563,064
Garbage fees	160,000	170,000	184,868
Licenses and permits	115,000	135,000	153,869
Intergovernmental revenues:			
Beer	7,000	7,000	6,695
Video poker	355,000	400,000	394,329
State grant- LGAP	-	-	35,000
LCDBG	-	-	23,340
Fines and forfeitures	58,500	58,400	52,488
Other	187,800	204,300	232,312
Total revenues	<u>1,404,300</u>	<u>1,560,700</u>	<u>1,718,844</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	299,700	312,950	354,529
Streets	426,500	424,560	438,935
Public safety	412,900	375,900	366,922
Sanitation	155,000	145,000	135,667
Fire department	3,000	3,000	3,064
Capital expenditures- LCDBG	-	-	23,340
Total expenditures	<u>1,297,100</u>	<u>1,261,410</u>	<u>1,322,457</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>EXPENDITURES</u>	107,200	299,290	396,387
<u>OTHER FINANCING USES</u>			
Transfers out	-	55,000	68,177
Net change in fund balance	-	55,000	68,177
<u>FUND BALANCE</u>			
Beginning of year	<u>1,085,857</u>	<u>1,085,857</u>	<u>1,085,857</u>
End of year	<u>\$ 1,193,057</u>	<u>\$ 1,440,147</u>	<u>\$ 1,550,421</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF OTHER REVENUE
GENERAL FUND
YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>OTHER REVENUE</u>			
Utility franchise fees	\$ 68,000	\$ 68,500	\$ 67,161
Interest revenues	7,000	13,000	15,719
Collection fees	1,200	1,200	1,050
Motor Vehicle Transaction Fees	25,000	33,000	32,874
Rents and royalties	6,600	6,600	6,600
Roadway Improvements	75,000	75,000	75,000
Miscellaneous	5,000	7,000	33,908
Total other revenue	<u>\$ 187,800</u>	<u>\$ 204,300</u>	<u>\$ 232,312</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>GENERAL GOVERNMENT</u>			
Legal and litigation fees	\$ 500	\$ 12,300	\$ 12,701
Salaries	81,400	92,900	92,743
Professional fees	10,500	10,250	10,250
Electricity	11,500	11,500	10,814
Insurance	85,000	80,000	71,007
Supplies and maintenance	12,500	13,500	14,777
Miscellaneous	6,500	10,000	20,536
Retirement	9,800	11,000	11,948
Office expenses	28,000	25,000	24,594
Payroll taxes	4,000	2,500	1,070
Vehicle expenses	18,000	18,000	18,938
Capital outlay	10,000	11,000	45,300
Dues and subscriptions	14,500	9,000	14,854
Meetings and conventions	4,500	3,500	2,597
Planning commission	2,500	2,500	2,400
Bad debts	500	-	-
Total general government	<u>299,700</u>	<u>312,950</u>	<u>354,529</u>
<u>STREETS</u>			
Salaries	125,000	125,000	109,133
Legal and engineering fees	15,000	15,000	16,617
Miscellaneous	7,500	5,560	-
Retirement	16,500	13,000	12,314
Vehicle expenses	7,000	5,500	5,952
Uniforms	1,500	1,500	1,567
Insurance	30,000	30,000	28,932
Supplies and maintenance	15,000	15,000	13,748
Electricity	55,000	60,000	59,853
Capital outlay	150,000	150,000	185,837
Payroll taxes	4,000	4,000	4,982
Total streets	<u>426,500</u>	<u>424,560</u>	<u>438,935</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>PUBLIC SAFETY</u>			
Police:			
Insurance	\$ 58,000	\$ 58,000	\$ 58,971
Uniforms	1,000	1,200	1,122
Retirement	34,000	30,000	21,970
Vehicle expenses	36,000	33,000	18,277
Salaries	234,500	200,000	191,983
Supplies and maintenance	19,000	21,000	34,066
Training expenses	1,000	500	620
Utilities	5,000	5,000	4,200
Payroll taxes	3,000	7,000	8,612
Capital outlay	16,000	14,500	22,874
Miscellaneous	4,000	4,250	3,027
Total police	<u>411,500</u>	<u>374,450</u>	<u>365,722</u>
Emergency Preparedness:			
Salaries	900	1,300	1,200
Operating expenses	500	150	-
Total emergency preparedness	<u>1,400</u>	<u>1,450</u>	<u>1,200</u>
Total public safety	<u>412,900</u>	<u>375,900</u>	<u>366,922</u>
<u>SANITATION</u>			
Solid waste disposal	155,000	145,000	135,667
Total sanitation	<u>155,000</u>	<u>145,000</u>	<u>135,667</u>
<u>FIRE DEPARTMENT</u>			
Operating expenses	3,000	3,000	3,064
Total fire department	<u>3,000</u>	<u>3,000</u>	<u>3,064</u>
<u>CAPITAL EXPENDITURES- LCDBG</u>			
Street improvements- LCDBG	-	-	23,340
Total capital expenditures- LCDBG	<u>-</u>	<u>-</u>	<u>23,340</u>
Total all departments	<u>\$ 1,297,100</u>	<u>\$ 1,261,410</u>	<u>\$ 1,322,457</u>

TOWN OF GRAMERCY, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>1969 Street Improvement</u>	<u>1969 Waterworks Improvement</u>	<u>1976 Waterworks Improvement</u>
<u>ASSETS</u>			
Cash	\$ 5,296	\$ 28,719	\$ 3,718
Total assets	<u>\$ 5,296</u>	<u>\$ 28,719</u>	<u>\$ 3,718</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Total liabilities	\$ -	\$ -	\$ -
Fund Balance:			
Unreserved - designated for debt service	-	-	-
Unreserved - undesignated	5,296	28,719	3,718
Total fund balance	<u>5,296</u>	<u>28,719</u>	<u>3,718</u>
Total liabilities and fund balance	<u>\$ 5,296</u>	<u>\$ 28,719</u>	<u>\$ 3,718</u>

<u>1976 Fire Protection</u>	<u>1991 Sewer Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
<u>\$ 8,445</u>	<u>\$ 48,070</u>	<u>\$ 94,248</u>
<u><u>\$ 8,445</u></u>	<u><u>\$ 48,070</u></u>	<u><u>\$ 94,248</u></u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	48,070	48,070
<u>8,445</u>	<u>-</u>	<u>46,178</u>
<u>8,445</u>	<u>48,070</u>	<u>94,248</u>
<u><u>\$ 8,445</u></u>	<u><u>\$ 48,070</u></u>	<u><u>\$ 94,248</u></u>

TOWN OF GRAMERCY, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	<u>1969</u> <u>Street</u> <u>Improvement</u>	<u>1969</u> <u>Waterworks</u> <u>Improvement</u>	<u>1976</u> <u>Waterworks</u> <u>Improvement</u>
<u>REVENUES</u>			
Taxes and penalties	\$ -	\$ -	\$ -
Interest revenues	26	142	27
Total revenues	<u>26</u>	<u>142</u>	<u>27</u>
<u>EXPENDITURES</u>			
Principal retirement	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>EXPENDITURES</u>	26	142	27
<u>OTHER FINANCING USES</u>			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	26	142	27
<u>FUND BALANCE</u>			
Beginning of year	<u>5,270</u>	<u>28,577</u>	<u>3,691</u>
End of year	<u>\$ 5,296</u>	<u>\$ 28,719</u>	<u>\$ 3,718</u>

<u>1976 Fire Protection</u>	<u>1991 Sewer Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 33,940	\$ 33,940
33	227	455
<u>33</u>	<u>34,167</u>	<u>34,395</u>
-	25,000	25,000
-	<u>6,930</u>	<u>6,930</u>
-	<u>31,930</u>	<u>31,930</u>
33	2,237	2,465
-	-	-
33	2,237	2,465
<u>8,412</u>	<u>45,833</u>	<u>91,783</u>
<u>\$ 8,445</u>	<u>\$ 48,070</u>	<u>\$ 94,248</u>

OTHER SUPPLEMENTARY
INFORMATION

PERFORMANCE AND
STATISTICAL DATA

TOWN OF GRAMERCY, LOUISIANA

INSURANCE-IN-FORCE

JUNE 30, 2007

(Without Audit)

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Automobile liability	Risk Management, Inc.	May 1, 2008	\$500,000
General liability	Risk Management, Inc..	May 1, 2008	\$500,000
Law enforcement liability	Risk Management, Inc.	May 1, 2008	\$500,000
Errors and omissions liability	Risk Management, Inc.	May 1, 2008	\$500,000
Workers' compensation	Louisiana Workers' Compensation Company	May 1, 2008	Statutory
Position fidelity schedule bond	Fidelity and Deposit Company of Maryland	October 1, 2007	\$50,000
Employment practices liability	Risk Management, Inc.	May 1, 2008	\$500,000
Commercial property	Travelers	May 1, 2007	Various limits

TOWN OF GRAMERCY, LOUISIANA

Page 1 of 2

PUBLIC UTILITY SYSTEM OPERATIONS

JUNE 30, 2007

(Without Audit)

Statistics on System Operations

- (a) As of June 30, 2007 the number of metered customers was 1,416 and 1,328 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at June 30, 2007.
- (b) The following rate schedules were in effect during the fiscal year ended June 30, 2007 for water and sewer services:

1. Water:

Residential and small commercial customers

First 2,000 gallons or less	\$ 7.00 / 1,000 gallons
2,001 to 10,000 gallons	2.75
10,001 or more	2.45

Large commercial and Industrial customers

Flat rate	\$ 3.25/1,000 gallons
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Recreational District:

First 50,000 or less	\$ 20.00/1,000 gallons
Next 150,000 gallons	1.73
Next 200,000 gallons	1.45
Over 400,000 gallons	1.15

TOWN OF GRAMERCY, LOUISIANA

Page 2 of 2

PUBLIC UTILITY SYSTEM OPERATIONS

JUNE 30, 2007

(Without Audit)

Statistics on System Operations (continued)

2. Sewer	Rate per gallons of sewerage flow
Residential customers and small commercial customers	\$15.00/month + \$0.75 / 1,000 gallons
Large commercial customers	\$40.00/month + \$0.75 / 1,000 gallons
Industrial customers	Monthly base rates ranging from \$50 to \$750 (based on sewerage flow and the biochemical oxygen demand of the waste) plus \$0.21/1,000 gallons of sewerage flow plus \$0.060/pound of waste

(c) Average monthly billing per residential customer during the year ended June 30, 2007:

1. Water \$ 21.24
2. Sewer \$ 18.29

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED JUNE 30, 2007
(Without Audit)

	<u>Salaries during the year ended 06/30/07</u>
Herman Bourgeois- Mayor	\$ 27,300
John Doucet	4,200
Betty Cooper Coleman	4,200
Alvin St. Pierre, Jr.	4,200
Rubenstein Clark	4,200
Mary Katherine Bocz	4,200
David Dufrense- chief of police (7/01/06 - 12/31/06)	9,900
Brent Dicharry- Chief of Police (1/01/07 - 6/30/07)	<u>9,900</u>
	<u>\$ 68,100</u>



Town of Gramercy

"THE BEST LITTLE TOWN FOR MILES AROUND."

120 North Montz Street

P. O. Drawer 840

Gramercy, Louisiana 70052

Phone 225-869-4409 • FAX 225-869-4195



Alderman

Betty Cooper-Coleman
District 1

John A. Doucet
District 2

Alvin "Shark" St. Pierre, Jr.
District 3

Kat Booz
At Large

Rubenstein Mitchell-Clark
At Large

Lydia Z. Louque
Town Clerk

Robert Fauchaux, Jr.
Town Attorney

Herman P. Bourgeois
Mayor

Brent Doherty
Police Chief

CORRECTIVE ACTION PLAN

February 5, 2008

Louisiana Legislative Auditor

The Town of Gramercy respectfully submits the following corrective action plan for the year ended June 30, 2007...

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: July 1, 2006 – June 30, 2007

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

07-01 DOCUMENT AND DESIGN OF INTERNAL CONTROL

Recommendation: Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, it certainly needs to be considered. We suggest that management identify and document its financial statement risk and set up controls to mitigate this risk.

Action Taken: We will identify significant risk areas and will document internal controls related to the specific risk.

07-02 PHYSICAL INVENTORY

Recommendation: A physical inventory should be taken at least once every three years as suggested by Louisiana Legislative Auditor.

Action Taken: We will take a physical inventory during the upcoming fiscal year.

07-03 SEGREGATION OF DUTIES

Recommendation: Management should review all journal entries necessary for the complete and accurate presentation of the financial statements.

Action Taken: We will document a review of period end journal entries.

07-04 BID LAW

Recommendation: Management should ensure three quotes are obtained for the purchase of material and supplies costing ten thousand dollars or more, but less than twenty thousand dollars.

Action Taken: We will obtain adequate quotes and maintain in the purchasing file.

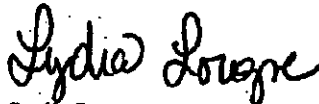
07-05 AUDIT LAWS

Recommendation: Management should ensure timely completion of the audited financial statements.

Action Taken: We will ensure records are complete in order for timely submission of the audited financial statements.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Lydia Louque at (225) 869-4403.

Sincerely,



Lydia Louque
Town Clerk